

Message Text

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ACTION ARA-06

INFO OCT-01 SS-14 ISO-00 NSC-05 NSCE-00 INR-05 CIAE-00
PM-03 DODE-00 SP-02 EB-03 TRSE-00 /039 W
----- 044117 /43

R 162110Z DEC 76
FM AMEMBASSY KINGSTON
TO SECSTATE WASHDC 3429
INFO AMEMBASSY BRIDGETOWN
AMEMBASSY GEORGETOWN
AMEMBASSY NASSAU
AMEMBASSY PORT OF SPAIN

S E C R E T KINGSTON 5459

LIMDIS

FROM AMBASSADOR

E.O. 11652: GDS
TAGS: PINT, PFOR, JM
SUBJECT: MANLEY'S RE-ELECTION: IMPLICATIONS FOR U.S.

1. AFTER A CAMPAIGN OF UNPARALLELED UNGLY SORDIDNESS, AND A REMARKABLY LOW LEVEL OF APPEAL ON BOTH SIDES, MANLEY IS UNDISPUTED KING OF THE HEAP. DESPITE THE FACT THAT THE WHOLE AFFAIR WAS STAGED WITH CONSIDERABLY OVERKILL (SIC) IN AN ATMOSPHERE OF EMERGENCY REPRESSION WHICH HARDLY PERMITTED FREE ELECTION IN OUR TERMS AND THAT THE RESULTS IN TERMS OF PARLIAMENTARY SEATS DID NOT ENTIRELY REFLECT THE POPULAR VOTE (ABOUT 57 PERCENT PNP), HE AND "DEMOCRATIC SOCIALISM" ARE FIRMLY ESCONCED FOR ANOTHER FIVE YEARS. THE EXTENT OF THE WIN HAS VIRTUALLY DESTROYED THE OPPOSITION AND WILL BE TAKEN BY MANLEY NOT ONLY TO BE A COMPLETE VINDICATION OF PAST POLICY-- BOTH DOMESTIC AND FOREIGN, BUT ALSO A CLEAR MANDATE FOR ACCELERATED CHANGE.

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2. HOWEVER, GIVEN THE SERIOUS IMMEDIACY OF HIS ECONOMIC PREDICAMENT, MANLEY WILL FIND HIS ROOM FOR MANEUVER LIMITED. IN A SPEECH LAST WEEK, G. ARTHUR BROWN, THE CENTRAL BANK GOVERNOR, SUGGESTED THAT THE WINNER OF THE ELECTION SHOULD TAKE NOT MORE THAN AN HOUR FOR CELEBRATION BEFORE APPLYING HIMSELF TO SALVAGING THE ECONOMY. OBVIOUSLY

MANLEY'S GREATEST PROBLEM IN THIS CONNECTION IS THE RESTORATION OF INTERNATIONAL CONFIDENCE. NOW THAT HE IS FIRMLY RE-ESTABLISHED FOR ANOTHER FIVE YEARS, THERE WILL BE A GENERAL REASSESSMENT IN (ON ALL SIDES) POLITICO-ECONOMIC TERMS OF JAMAICA'S CREDIT-WORTHINESS. THERE ARE A FEW IMMEDIATE WINNERS. ONE IS CANADA, WHO PLACED A LAST-MINUTE HEDGED BET ON THE TABLE IN THE FORM OF THEIR \$25 MILLION EMERGENCY SIX MONTHS LOAN. THIS LITERALLY SAW MANLEY THROUGH THE ELECTION. ANOTHER IS CUBA, WHOSE PRESENCE IS NOW LOCALLY SANITIZED IF NOT SANCTIFIED, AND WHOSE MODEST GESTURES MAY BE EXPECTED TO PRODUCE AN ACCELERATE LOVE AFFAIR.

3. TH U.S. IS NOT AMONG THE WINNERS. THE DESTABILIZATION-CIA THEME WAS LOUDLY PLAYED IN THE EARLY STAGES OF THE CAMPAIGN AND ALTHOUGH MUTED IN THE FINAL MOVEMENT, WAS STILL THERE AS A LEIT-MOTIF. IT WILL BE SEEN AS HAVING BEEN AN EFFECTIVE LOCAL POLITICAL THEME AND MAY BE EXPECTED TO BE RE-PLAYED WHENEVER A DIVERSION FROM REALITY IS REQUIRED. THE CONFIRMED REASON FOR THE RECENT MUTING IS THE EXPECTATION OF THE MANLEY GOVERNMENT OF SUBSTANTIAL GOODIES FROM THE CARTER ADMINISTRATION.

4. I HAVE NO WAY OF ASSESSING THE VALIDITY OF THESE EXPECTATIONS, BUT MUST AT PRESENT ASSUME THEY ARE (A) PROBABLY OVERLY OPTIMISTIC GIVEN THE LONG LINE OF THOSE WITH SIMILAR HOPES AND PERHAPS HIGHER PRIORITIES, AND (B) COMPLETELY UNREALISTIC IN TERMS OF TIME. FURTHERMORE, THE USG IS SIMPLY NOT GEARED TO PROVIDE THE TYPE AND AMOUNT OF INFUSION REQUIRED.

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5. WHO IS GOING TO PUT UP THE CASH? THIS IS PROBABLY AN IMMEDIATE \$150 MILLION QUESTION. IMF MIGHT FADE SOME \$40 MILLION ON STANDBY CREDITS, BUT THIS STILL LEAVES A SUBSTANTIAL SHORT-FALL-- AND WE ARE TALKING HERE ONLY ABOUT IMMEDIATE SHORT TERM REQUIREMENTS, NOT THE LONG-TERM REBUILDING OF THE JAMAICAN ECONOMY. THIS HAS BEEN CRITICALLY WEAKENED BY INFLATION, RECESSION, HIGH OIL PRICES, LOW BAUXITE AND SUGAR REVENUES, FALLING PRODUCTION IN BOTH MANUFACTURING AND AGRICULTURAL SECTORS, VANISHING TOURISM, AND DISASTROUS BUDGET MANAGEMENT BY THE MANLEY GOVERNMENT. SOMETHING ALONG THE LINES OF A CONSULTATIVE GROUP WOULD SEEM TO BE OVER-DUE.

6. MANLEY IS NOW IN A TIGHTER VISE THAN BEFORE. HE USED TO TALK ABOUT THE NECESSITY OF GIVING REIN TO HIS LEFT BECAUSE OF THE "TIME BOMB" IN WHICH HE OPERATED-- COMPOSED OF ONE-HALF THE POPULATION UNDER 21, 25 PERCENT

UNEMPLOYED, AND RISING EXPECTATIONS. THE BASIC PARAMETERS HAVE NOT CHANGED, MUCH BUT THE ELECTIONS WILL MOST CERTAINLY HAVE DRAMATICALLY RAISED THE EXPECTATIONS. WHAT PROBABLY REALLY WON FOR HIM WAS HIS ABILITY TO PROJECT HOPE FOR THE HAVE-NOTS. BUT HIS CAPABILITY OF MEETING THAT HOPE HAS BEEN INCREASINGLY CURTAILED DURING RECENT PAST MONTHS. SOME SORT OF AN AUSTERITY PROGRAM MUST INEVITABLY BE IMPOSED, INCLUDING RESTRICTION ON IMPORTS AND CAPITAL SPENDING, AND A CURB ON UNION DEMANDS. THE LATTER MAY PROVE TO BE THE MOST DIFFICULT SINCE LABOR DISPUTES IN NEARLY ALL SECTORS HAVE BEEN TEMPORARILY SWEEPED UNDER THE RUG BY GOVERNMENT INTERVENTION AND ARE NOW RIP FOR ERUPTION. INFLATION IN FOOD PRICES CONTINUES, AND IT IS POSSIBLE THAT SHORTAGES WILL OCCUR. IN SHORT, THE OUTLOOK IS GRIM, AND IT IS HARD TO ENVISION THE JAMAICANS RESPONDING TO A PLEA FOR HARD WORK, SACRIFICE, AND GREATER PRODUCTIVITY EVEN IF WHAT MANAGERIAL CAPABILITY THAT EXISTED BEFORE HAD NOT LARGELY DEPARTED. FURTHERMORE, THE TRACK RECORD OF
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THE MANLEY GOVERNMENT IN ECONOMIC MANAGEMENT IS NOT INSPIRING.

7. IT SHOULD BE NOTED THAT MANLEY IN HIS ELECTION NIGHT INTERVIEW, WHICH WAS A SCENE OF INDESCRIBABLE CONFUSION, MADE MUCH OF THE POINT THAT THE ACCUSATIONS OF COMMUNISM LEVELED AGAINST HIM AND THE PNP HAD BEEN "MASSIVELY REJECTED BY THE ELECTORATE". HE INTERPRETED HIS VICTORY AS ONE FOR THE THIRD WORLD AND THE NON-ALIGNED, AMONG WHICH HE APPARENTLY INCLUDED CUBA. IN THE LONG TERM, I WOULD EXPECT NO MAJOR CHANGE IN MANLEY'S FOREIGN POLICY. IF HE SOLVES HIS DOMESTIC PROBLEMS, I WOULD EXPECT HIM TO MAKE ANOTHER BID FOR HIS SOMEWHAT TARNISHED POSITION AS AN IMPORTANT AND MESSIANIC THIRD WORLD LEADER. IT IS HARD TO SAY HOW LONG THE SOFT-PEDALLING SO FAR AS THE U.S. IS CONCERNED WILL LAST, BUT I WOULD BE SURPRISED IF IT WILL BE FOR LONG, ESPECIALLY IF HIS EXPECTATIONS OF OPEN-HANDEDNESS ARE NOT QUICKLY MET. THE ELEVATION OF SOME OF HIS MORE VOCAL ANTI-U.S. LEFT WINGERS TO THE STATUS OF M.P.'S AND PROBABLY CABINET MINISTERS, COUPLED WITH HIS OWN DEEP-SEATED PERSONAL ANTI-PATHY AND BOLSTERED NATURAL ARROGANCE, DO NOT LEAD ONE TO HOPE THAT HE HAS INDEFINITELY ABJURED THE RED, WHITE, AND BLUE PUNCHING BAG. FURTHERMORE, HE WILL PROBABLY CONTINUE TO NEED A FOREIGN DEVIL TO DISTRACT ATTENTION FROM DOMESTIC DIFFICULTIES. ADDITIONALLY, I DON'T THINK THE STORIES IN THE U.S. PRESS EMANATING FROM THE ELECTIONS ARE GOING TO ENTHUSE HIM.

8. IT SEEMS TO ME THAT WE HAVE NO CHOICE AT PRESENT OTHER THAN TO CONTINUE A CORRECT, LOW-PROFILE, WORKING RELATIONSHIP. I WOULD ANTICIPATE NO MAJOR REQUESTS FROM

THE GOJ UNTIL AFTER JANUARY 20, AND THESE WILL PROBABLY
BE MADE IN WASHINGTON. THE SECURITY SITUATION SHOULD EASE
UP, ALTHOUGH IT SEEMS TO ME THAT THE POSSIBILITY OF THREATS
OR INCIDENTS FROM THE ANTI-CASTRO ELEMENT IS ENHANCED.
RELIABLE INDICATORS AS TO THE DIRECTION THE GOVERNMENT
WILL TAKE ARE NOT APT TO EMERGE UNTIL AFTER THE NEW YEAR.

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ELECTION RESULTS, INTERVENTION, ECONOMIC CONDITIONS, INTELLIGENCE ASSESSMENTS, FOREIGN POLICY POSITION, POLITICAL SITUATION
Control Number: n/a
Copy: SINGLE
Draft Date: 16 DEC 1976
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: coburnhl
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976KINGST05459
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760464-1201
From: KINGSTON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761238/aaaabgeq.tel
Line Count: 182
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: SECRET
Original Handling Restrictions: LIMDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: SECRET
Previous Handling Restrictions: LIMDIS
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: coburnhl
Review Comment: n/a
Review Content Flags:
Review Date: 16 MAR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16 MAR 2004 by GarlanWA>; APPROVED <25 OCT 2004 by coburnhl>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MANLEY'S RE-ELECTION: IMPLICATIONS FOR U.S.
TAGS: PINT, PFOR, JM, US, (MANLEY, MICHAEL)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006